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TAGS: [PREL](#) [PGOV](#) [MARR](#) [RS](#)  
SUBJECT: SERDYUKOV VS. BALUYEVSKIY: DISCORD IN THE MINISTRY  
OF DEFENSE?

Classified By: Ambassador William J. Burns. Reasons 1.4 (b) and (d)

¶1. (C) Summary. Tensions within the Ministry of Defense erupted in the press the week of March 24, with reports that Chief of the General Staff Baluyevskiy had submitted his latest letter of resignation, and that the General Staff was unhappy with Defense Minister Serdyukov's "intrusion" into military affairs. Most outside defense analysts applaud Serdyukov's reform efforts to diminish corruption and develop better financial controls in the Ministry; they contend that unhappiness among the General Staff is because its authority, autonomy, and ability to direct funds have been significantly curtailed. There is little respect among the General Staff for "the furniture salesman" (as some derisively refer to Serdyukov) because he has no military experience or expertise. Most defense experts believe no action will be taken on Baluyevskiy's offer of resignation until president-elect Medvedev takes office in May. They expect that Medvedev will keep Serdyukov in order to continue his reform efforts. End summary.

Baluyevskiy Offers to Resign. Again  
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¶2. (U) Articles in leading Russian newspapers this week reported on a power struggle between Minister of Defense Anatoliy Serdyukov and the General Staff, with Chief of the General Staff Yuriy Baluyevskiy and other senior uniformed officers tendering letters of resignation. (Baluyevskiy had reportedly offered to resign in February 2007, when Serdyukov was named Defense Minister, again in November 2007 after one of Serdyukov's advisors, FSB Major General Eskin, was named Deputy Defense Minister, and yet again in January when Baluyevskiy reached the mandatory retirement age. The first and second offers were not accepted; in response to the third, Putin extended Baluyevskiy's service for an additional three years.) The press articles noted that at a meeting of the Military Academy of Sciences in February, Baluyevskiy had publicly stated his doubts about Serdyukov's decision to move the Navy fleet's headquarters to St. Petersburg. The articles also reported that Serdyukov's decision to explore measures to "optimize Russia's command structure," including removing military status from army doctors, journalists, and lawyers, as well as moving military academies out of Moscow, and selling off military property had infuriated the General Staff as "meddling" in its affairs.

¶3. (C) On March 26, the MOD issued a statement denying that the MOD leadership was "torn with disagreements," and refuting the claims that some of the MOD senior officials had

handed in letters of resignation (though not naming Baluyevskiy specifically). That same day, General-Major Viktor Chernov, chief of the MOD's Foreign Liaison Directorate, told Defense Attaches that General Baluyevskiy had returned from his five-week leave and resumed his duties as CHOD. Other MOD officers told the DATT privately that Baluyevskiy had tendered his resignation, although they doubted that it would be accepted, with one officer noting that Putin personally had full confidence in Baluyevskiy's abilities.

#### Tensions at MOD: Power-Hungry or Crusading Minister?

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14. (C) MOD officers attributed the tensions to Serdyukov's efforts to take over control of functions previously handled by the General Staff. One Russian Air Force officer told the DATT that, traditionally, the General Staff (and specifically, the CHOD) had been the ultimate "decider" in all military issues; the Defense Minister, although a Cabinet official, dealt with the "political" side of the defense establishment (e.g., military doctrine and armaments). The "civilian control" function and "supreme command" over the Armed Forces was exercised by the President, rather than by the Defense Minister, who until recently was a uniformed person. (Ekho Moskvyy Editor Aleksey Venediktov told us that frictions were exacerbated by Baluyevskiy's expectation that he would be tapped to replace Sergey Ivanov as Defense Minister). The on-going frictions were attributed to efforts by Serdyukov to change the dynamic between the Defense Minister and the CHOD, with the "management" side (MOD) usurping the "operational" authorities of the General Staff (although we note that Serdyukov has not been involved much in articulating national security and defense policy positions, focusing instead on the task he was brought in to

do - "cleaning up" the Ministry).

15. (C) While some defense experts agreed that the General Staff was upset at what it perceived as usurpation of its authority, most also argued that the Generals were angry because Serdyukov had introduced numerous measures to prevent them from being able to direct funds to their pet projects, associates, or into their own pockets. Dmitriy Litovkin, of Izvestiya, contended that Serdyukov had brought in approximately 40 civilian advisors, who mostly ignored the General Staff's advice. He argued that the Generals' main complaint against Serdyukov was that he failed to give proper justification for his decisions, while Serdyukov's main complaint against the Generals was that they ignored or sabotaged his decisions, did not work hard, and engaged in overt and covert corruption.

16. (C) Most outside experts gave Serdyukov high marks for his reform efforts, noting that Putin appointed Serdyukov to overhaul the MOD, staunch the financial hemorrhaging, and clean out corruption, not to oversee defense or military policy. Venediktov emphasized that Serdyukov enjoyed Putin's full support, as he had reduced financial flows to individual projects and moved to privatize "cash cows." Aleksandr Golts, Deputy Editor-In-Chief of the Weekly Journal, said defense spending before Serdyukov had been "completely uncontrolled," and commended the Defense Minister's efforts to get a handle on spending. He noted that it was not surprising the General Staff was unhappy, since they were used to running things their own way. He said because previous Defense Minister Sergey Ivanov had not interfered with the General Staff, they had "tolerated" him. Contending that corruption within the Ministry of Defense was rife, Ivan Safranchuk, Director of the World Security Institute, said that in the past, a lot of money was spent but with little to show for it. That would change due to Serdyukov's efforts, he contended. "Now," he said, "the Generals can't steal 'all' the money."

17. (C) Vitaly Shlykov, founding member of the Center for Defense and Foreign Policy, said that, while the Generals

were opposed to Serdyukov, he was gaining popularity among the rank and file, because he was putting money and attention into issues that mattered to them, such as housing and conditions of service. In fact, some experts said housing reform had been quite successful. Serdyukov was also seen as someone who was interested in solving problems. Shlykov posited that it would take five to six years to see real change in the Russian military.

What Next?

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18. (C) Prior to the recent reports of intra-MOD turmoil, most defense analysts predicted that Serdyukov and Baluyevskiy would stay after the Presidential transition. Now, all bets are off, though most think that if Serdyukov stays on, Baluyevskiy will go, but not until President-elect Medvedev takes office in May. Some experts speculated that Baluyevskiy's absence from the recent 2 Plus 2 talks was a sure sign that he was on the way out, despite MOD claims that he had simply been on vacation. Deputy Executive Director of the Council of Foreign and Defense Policy Aleksandr Belkin, however, suggested that neither Serdyukov nor Baluyevskiy would be at their present posts by the time Medvedev became president. Belkin argued that Putin did not want Medvedev to inherit any personnel problems, and suggested that this very public dispute had been an embarrassment to the Kremlin.

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